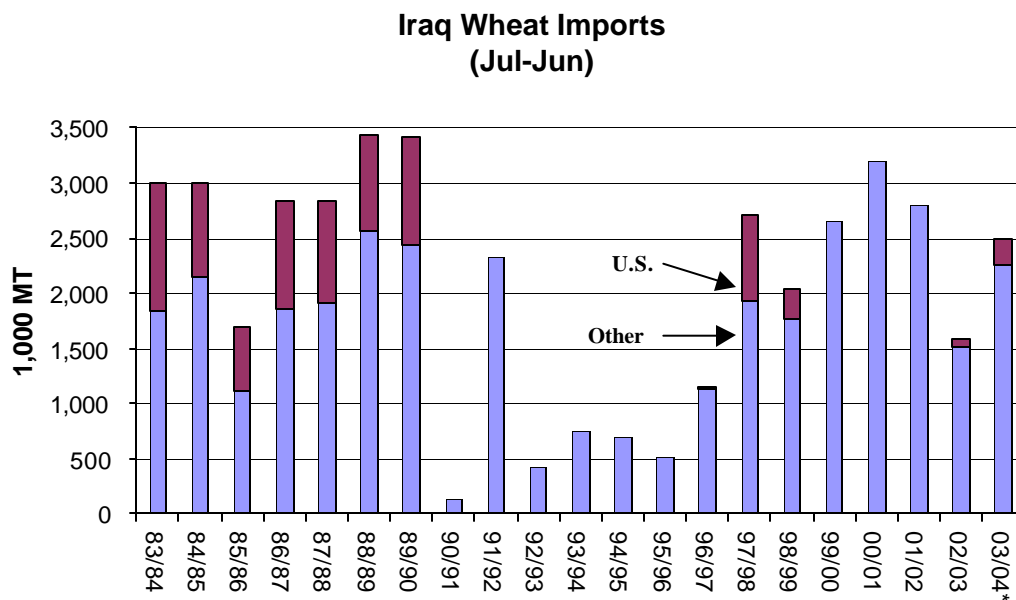

WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

United States Sells Wheat to Iraq: For the first time since 1998, U.S. wheat has been exported to Iraq. In early January 2004, 31,600 tons of HRW were shipped, as a Russian firm was unable to fulfill an Oil-for-Food contract. Furthermore, in March 2004, the World Food Program (WFP) accepted two wheat tenders totaling 895,000 tons for April/June shipment. The WFP awarded 325,000 tons to the United States, 460,000 tons to Australia, and 110,000 tons to Argentina. Beginning April 1, the Iraqi Ministry of Trade's Grain Board (IGB) regained full procurement responsibility and recently issued a tender for 200,000 tons of wheat, which will close April 14.

Before the first Gulf War in 1991, the United States was the leading supplier of wheat to Iraq. Afterwards, other suppliers, most notably Australia, expanded their market share, especially when the Government of Iraq barred U.S. wheat in 1998.

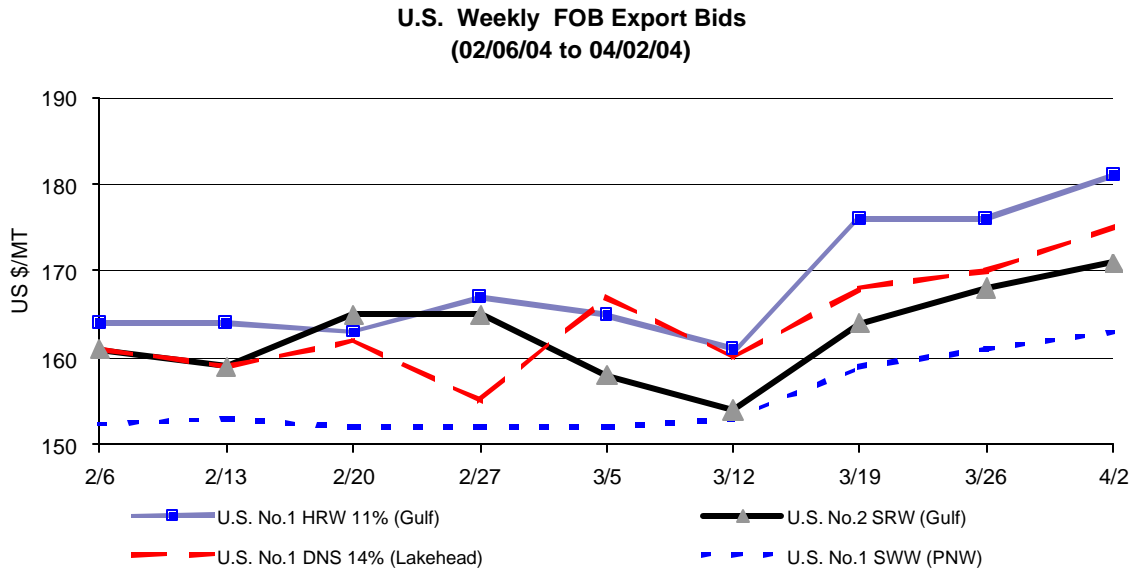


* Estimate based on U.S. 2003/04 Export Commitments

PRICES:

Domestic: Increasing competition, the slowing export pace, and improving weather sent most wheat prices down during the first two weeks of March. By the third week of the month, however, large export sales--combined with concerns over dry weather in the HRW belt--launched prices into a period of recovery. At the end of March, strong demand and tight stocks pushed U.S. prices higher than a month ago.

For the week ending April 2, average HRW and SRW prices were \$16 a ton and \$13 a ton higher, respectively, than those in the first week of March. HRS prices jumped by \$8 a ton while SWW ended the month with a gain of \$11 a ton.



TRADE CHANGES IN 2003/2004

Selected Exporters

- **China** up 300,000 tons to a record 2.5 million with continued flour and feed-quality wheat shipments to nearby markets.
- **Pakistan** down 200,000 tons to 100,000 due to the slow pace of exports.
- **United States** up 500,000 tons to 32.5 million--an 8-year high--with a strong pace of sales and shipments to date.

Selected Importers

- **Egypt** up 700,000 tons to 7.0 million--a 5-year high--due to robust imports and purchases to date.
- **Iran** down 500,000 tons to 500,000--the lowest in nearly three decades--on reduced import demand, as government policy has encouraged greater self-sufficiency. Iran had been the largest import market in the world just 4-years ago. Note: Revisions to the stock and consumption series have been made.

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- **Iraq** up 750,000 tons to 2.5 million due to large, recent purchases that will allow the rebuilding of stocks.
 - **Jordan** down 300,000 tons to 700,000 as a result of the slow pace of imports to date.
 - **Mexico** up 300,000 tons to a record 3.7 million as lower production has necessitated larger import volumes from the United States and Canada.
 - **Morocco** up 400,000 tons to 1.9 million due to a larger than expected pace of imports and purchases to date.
 - **Pakistan** down 100,000 tons to 100,000, as recent cargoes of Australian wheat was rejected.